Solving the children's mental health crisis begins with

Medical Assistance rates reform

The solution is fixing Medical Assistance reimbursement rates

- For timely access and early intervention services.
- To provide healing treatment.
- For success in school and community life.
- To prevent today's reliance on crisis care in hospitals, juvenile detention and other emergency services.

The 2024 DHS Outpatient Rate Study provides a framework for the Medical Assistance rates structure that is needed now and into the future.

Minnesota's children and families cannot wait another year for a solution – rate increases are crucial to sustaining what we have and preventing future loss in access to care.

S.F. 1402 / H.F. 1005 – Medical Assistance Rates Reform Package –

Addresses low reimbursement rates by implementing the DHS outpatient rate study over the next three years:

January 1, 2026:

- sets all RBRVS rates to at least equal to 100% Medicare
- raises children's community-based mental health services (HCPCS)

January 1, 2027:

- raises adult community-based mental health services (HCPCS)
- eliminates current 20% rates cut for services provided by master-level educated providers

January 1, 2028:

- increases inpatient mental health fee-for-service rates
- streamlines and increases the Behavioral Health Home rate

According to the Minnesota Department of Human Services:

One in four (1:4) Minnesotans currently relies on Medical Assistance or MinnesotaCare for their health coverage. Medical Assistance and MinnesotaCare contribute significantly to the state's health care sector, supporting public health infrastructure, hospitals, mental health centers, home care, community clinics, nursing homes, physicians and many other health professionals. Medical Assistance helps to significantly reduce the number of Minnesotans that go without health care coverage, and serve as a lifeline to Greater Minnesota providers.

decreasing access

Children and families struggle accessing mental health care - because Medicaid pays for the majority of our children's mental health services, and there is a 40% gap between the cost of delivering care and Medicaid reimbursement rates. This is unsustainable.

Children are boarding in hospitals, juvenile detention and with counties — being held for their safety and without the treatment they need and deserve.

In 2024, children boarded at Children's Minnesota *over 1200 times*, a substantial increase from 2023.

Capacity is shrinking: In January 2025, over 80% of children's mental health providers surveyed anticipate diminished capacity and/or closures in the next 6-12 months. This will result in losing capacity in a range of early-intervention and intensive community-based options, CTSS, and In-Home Services.

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Jin Lee Palen, MACMHP, 651-233-3502
Amanda Jansen, Children's Minnesota, 262-442-3628

14 WEEKS	16 DAYS	5 WEEKS
Outpatient treatment	Day treatment	School-based services

3 WEEKS	10 WEEKS
Residential treatment, depending on client needs	Children's therapeutic services and supports

Children are experiencing preventable mental health crises — while waiting for care, symptoms get worse and families are thrown into crisis trying to help their children.

growing waitlists from shrinking capacity

Access to care is decreasing, with waiting lists averaging statewide increasing from CY 2024 to 2025.

In early 2025, Providers of children and families' services reported closures in:

- **Outpatient services**
- **Early childhood services**
- **CTSS – including In-Home and Skills Services**
- **School-based mental health services**
- **Elementary-Aged Day Treatment**
- **Respite services**
- **Psychological testing and assessment**
- **Systemic Family Therapy**

66%	38%	22%
Shrinking current services	Closing services altogether	Considering closing services

SAVE ACCESS TO CARE:

MA Access and Financing Reform

Minnesota Medical Association

Problems

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1) Payments Are Too Low. According to the best available data from the Minnesota Department of Human Services (DHS), MA pays professionals about 70 cents on the dollar compared to Medicare and about 30 cents on the dollar compared to commercial health plans for most outpatient services. Compared to the payment level of other states' Medicaid programs, Minnesota's ranks 30th.[2] These payments have not been comprehensively increased for over 20 years. Meanwhile, the percentage of Minnesotans on ***MA has doubled from 12% to 24% since 2011***, with particularly high enrollment rates in rural counties. The compounding effects of low MA payments, rising medical practice cost inflation, and growing enrollment threaten clinic viability and patient access to needed services.

2) The Payment Methodology is Too Complex and Not Transparent. MA pays for professional outpatient services by applying a conversion factor (CF), a dollar multiplier, to the Medicare relative value units (RVUs) associated with each billed service. Unlike Medicare, which uses a single CF for all services, MA uses three – one for OB/GYN services, one for mental health services, and one for all other services. In addition, since 2011, the Legislature passed dozens of service- and provider-specific payment adjustments that do not apply uniformly across services or service categories. These adjustments "make it virtually impossible for providers to know what payment they should receive for the services that they have rendered."[1]

Solutions

1) Increase Payments to Medicare Levels. The Legislature should increase MA payments to no less than 100% of Medicare and automatically adjust future payments.

2) Simplify the Payment Methodology. The Legislature should rely on the established conversion factor(s) to set and adjust MA payment and remove the dozens of behind-the-scenes payment adjustments passed since 2011 that are confusing and administratively complex.

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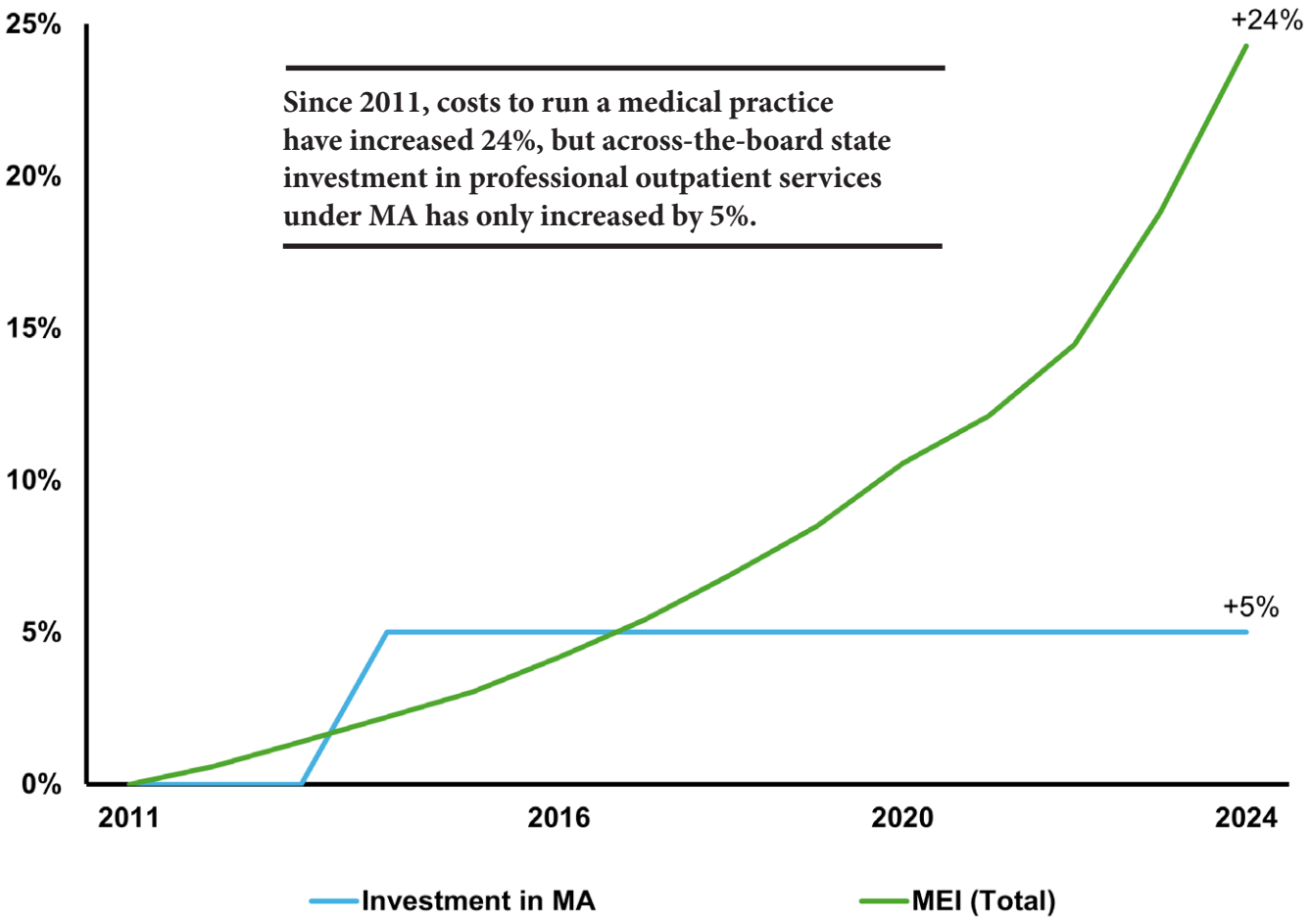

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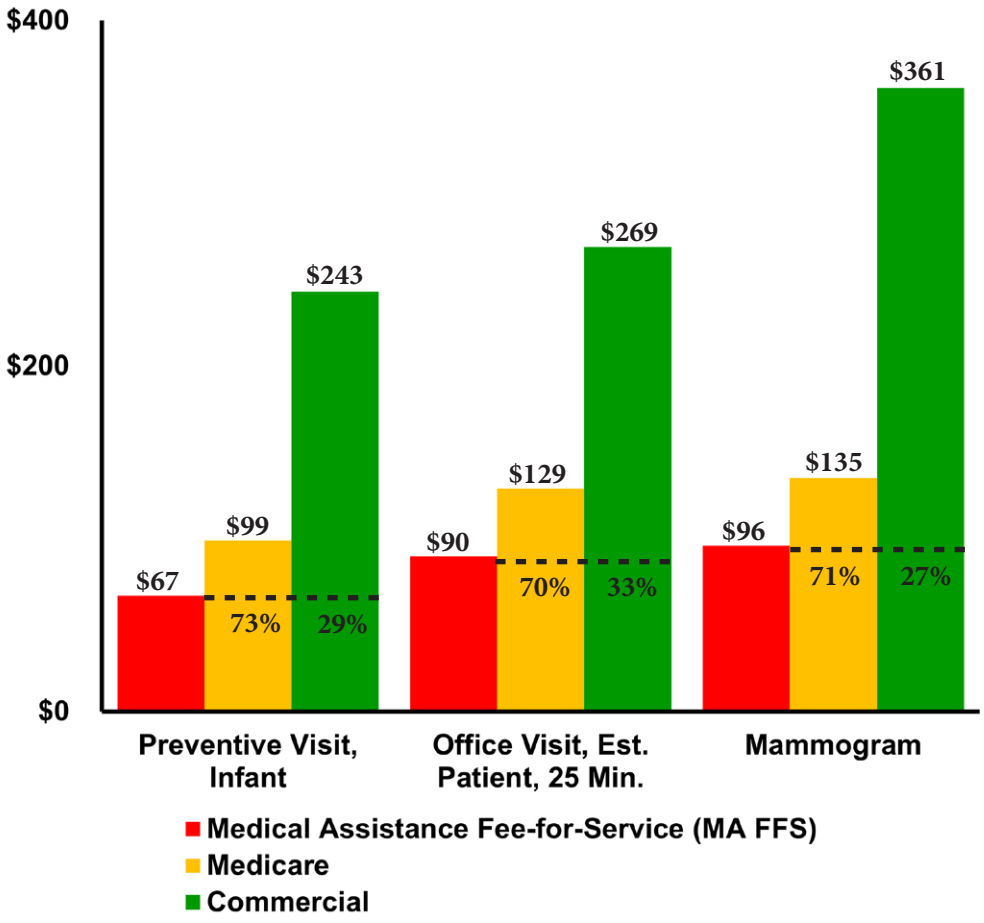

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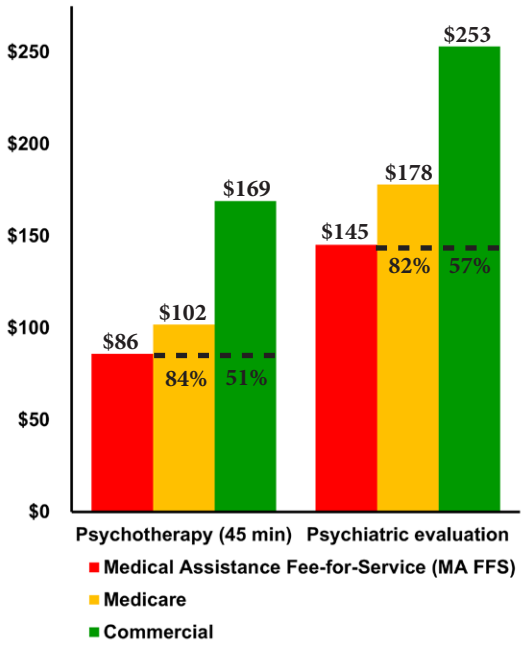
Figure 3. Mean payment for common mental health services by Minnesota market segment, 2021.



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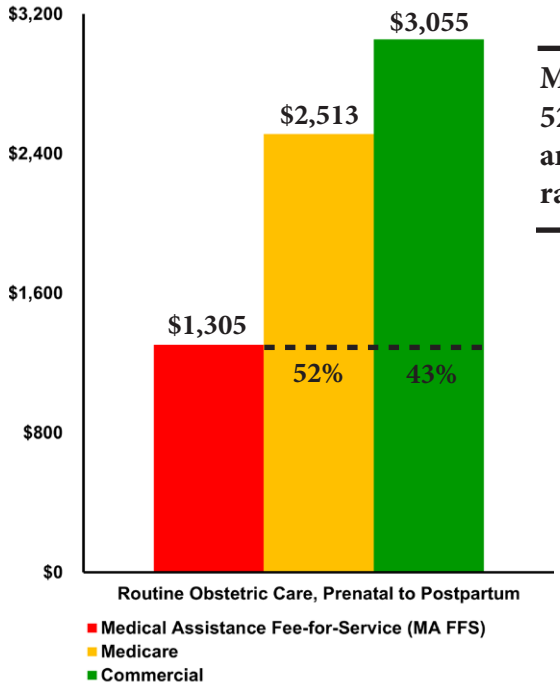

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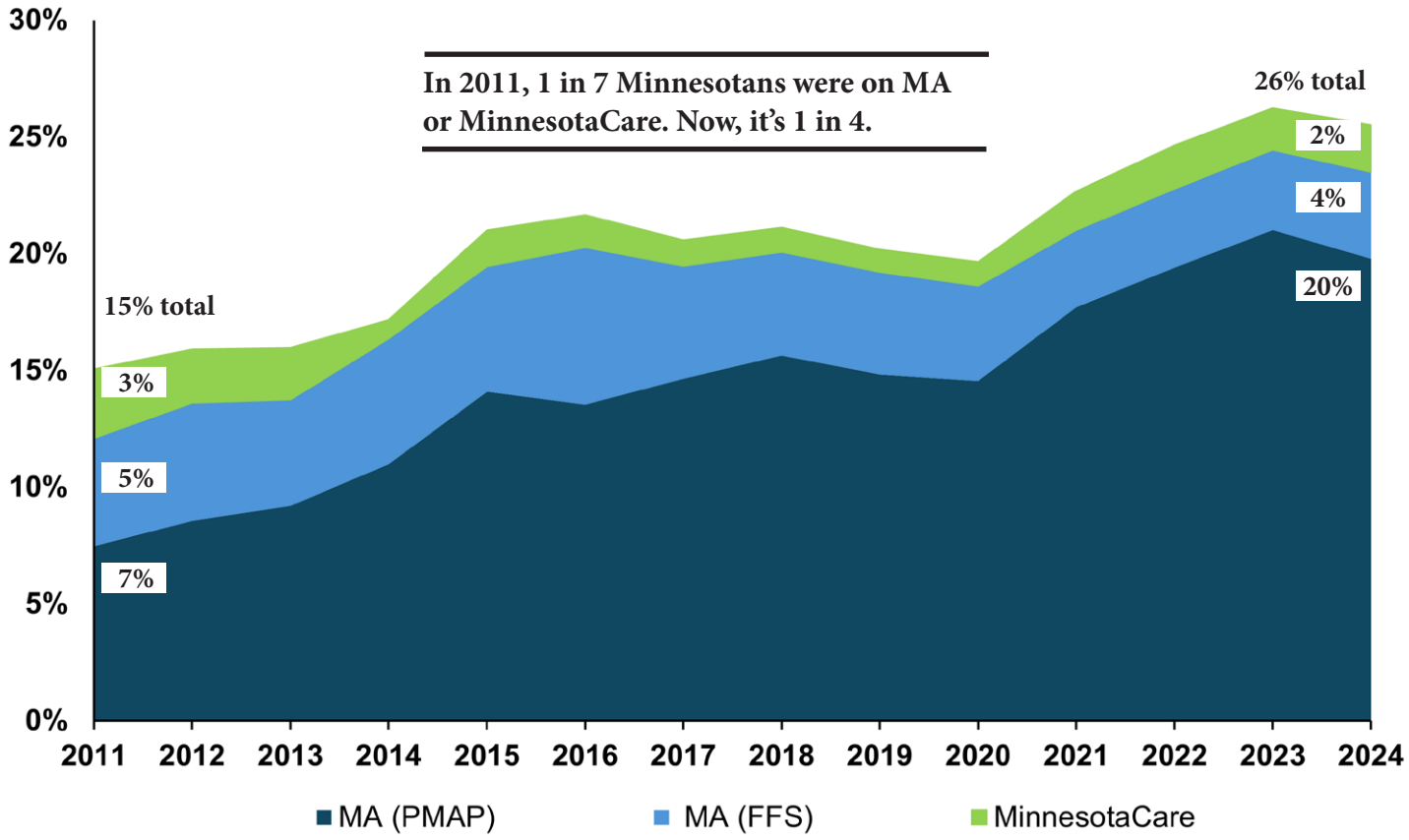

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MA ENROLLMENT BY COUNTY

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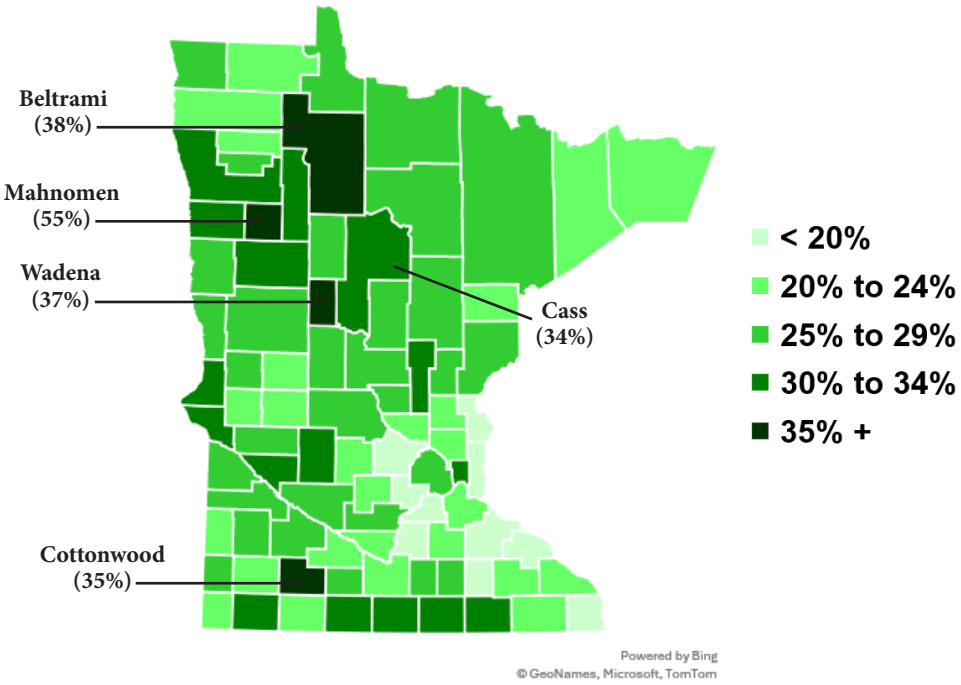

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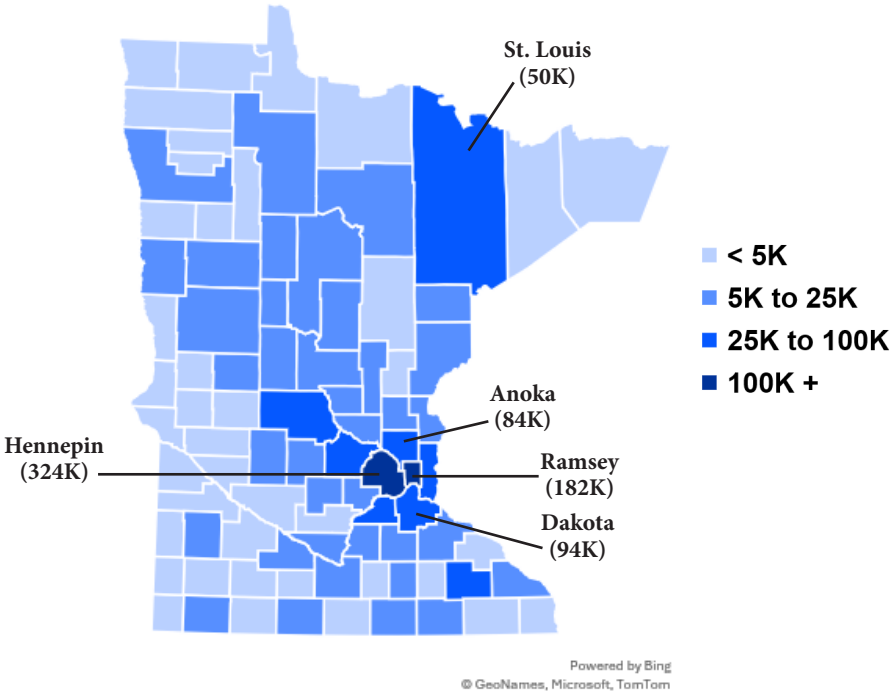

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Minnesota Medical Association

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A broken system:

THE JOURNEY OF A CHILD IN CRISIS

Children's MINNESOTA | The Kid Experts®

SITUATION

10 year old brought to the emergency department by caregiver for behavioral concerns.*

Multiple diagnoses (ADHD, PTSD) with limited coping skills and challenges regulating behaviors.

HISTORY

- Experienced past trauma, including witnessing domestic violence, parental substance abuse and was removed from birth family's care at 7-years old.
- Placed in 10 different foster homes.
- Verbally and physically aggressive when dysregulated, particularly towards caregivers.

For more information, please contact:

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Children's Minnesota

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Cell: 262-442-3628

tenth foster home

10

school

IDEAL SITUATION

Because of difficult behavior at home and at school, the caregiver takes away child's phone. Child becomes extremely dysregulated, kicks caregiver and breaks a window.

Caregiver is concerned over safety in the home and escalating behavior. Brings child to Children's Minnesota emergency department.

A team of Children's Minnesota staff members assess the child and determine the right level of care.

DENIED

Behaviors are chronic, not requiring a hospital inpatient level of care.

The caregiver does not feel safe bringing the child home due to safety concerns and escalating behaviors. Needed supports are not available to help the child at home and inpatient mental health is not the appropriate treatment.

Child becomes a patient awaiting community placement (boarding).

WHAT HAPPENS WHILE BOARDING

The child will await community placement in the emergency department or on a floor

THE PATIENT EXPERIENCE

- No peer interaction
- Minimal physical activity
- Little access to outdoors
- Minimal educational support
- Confined in small room

THE STAFF EXPERIENCE

- Stress and risk of physical injury
- Frequent stakeholder calls
- Identifying placement options
- Overcoming denials
- Care team support
- Advocating for patient

IF COMMUNITY-BASED RESOURCES WERE PROPERLY FUNDED

At this stage, before bringing the child to the hospital, the caregiver could immediately be connected to support. A therapist could come to the home regularly and work with the child to process their trauma.

With the right access to tools and resources, the caregiver would be able to keep the child in the foster home rather than having nowhere to turn but the hospital.

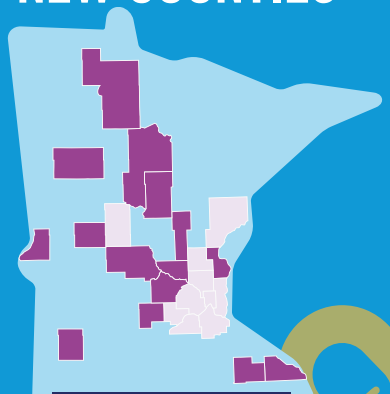
*Inspired by actual patient cases. Characteristics have been changed to protect patient privacy.

M1262 12/24

PATIENTS IMPACTED BY THE BOARDING CRISIS

Children's MINNESOTA | The Kid Experts®

In 2024, we saw patients from
16 NEW COUNTIES



+1 OUT OF STATE

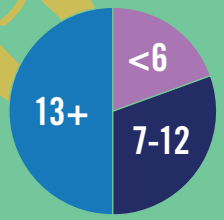
MOST IMPACTED GROUPS

African American/Black
Caucasian/white
Multi-race

THIS HAS A WIDE IMPACT ON ALL COMMUNITIES

77.4%

are reliant on
MEDICAID



PATIENT AGES

In 2024, kids boarded at Children's Minnesota
1200+
TIMES
a substantial increase from 2023

54%

are under guardianship
OF THE COUNTY

This information is based on 2023-2024 data at Children's Minnesota.

In 2025, state leaders must focus on policy changes to help children with the most complex behavioral health needs. Significant investments are needed to improve access to the continuum of mental health care, including increasing Medicaid reimbursement rates and alleviating the boarding crisis.

COMMON CHARACTERISTICS AMONG PATIENTS BOARDING:

- Multiple past placements
- More than 3 hospital visits over the past year
- Neurodivergent, developmental delay, low level of functioning
- History of aggression, sexualized behaviors, running away
- Chronic self-harm, substance abuse
- Multiple medical conditions

For more information, please contact:

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M1262 2/25

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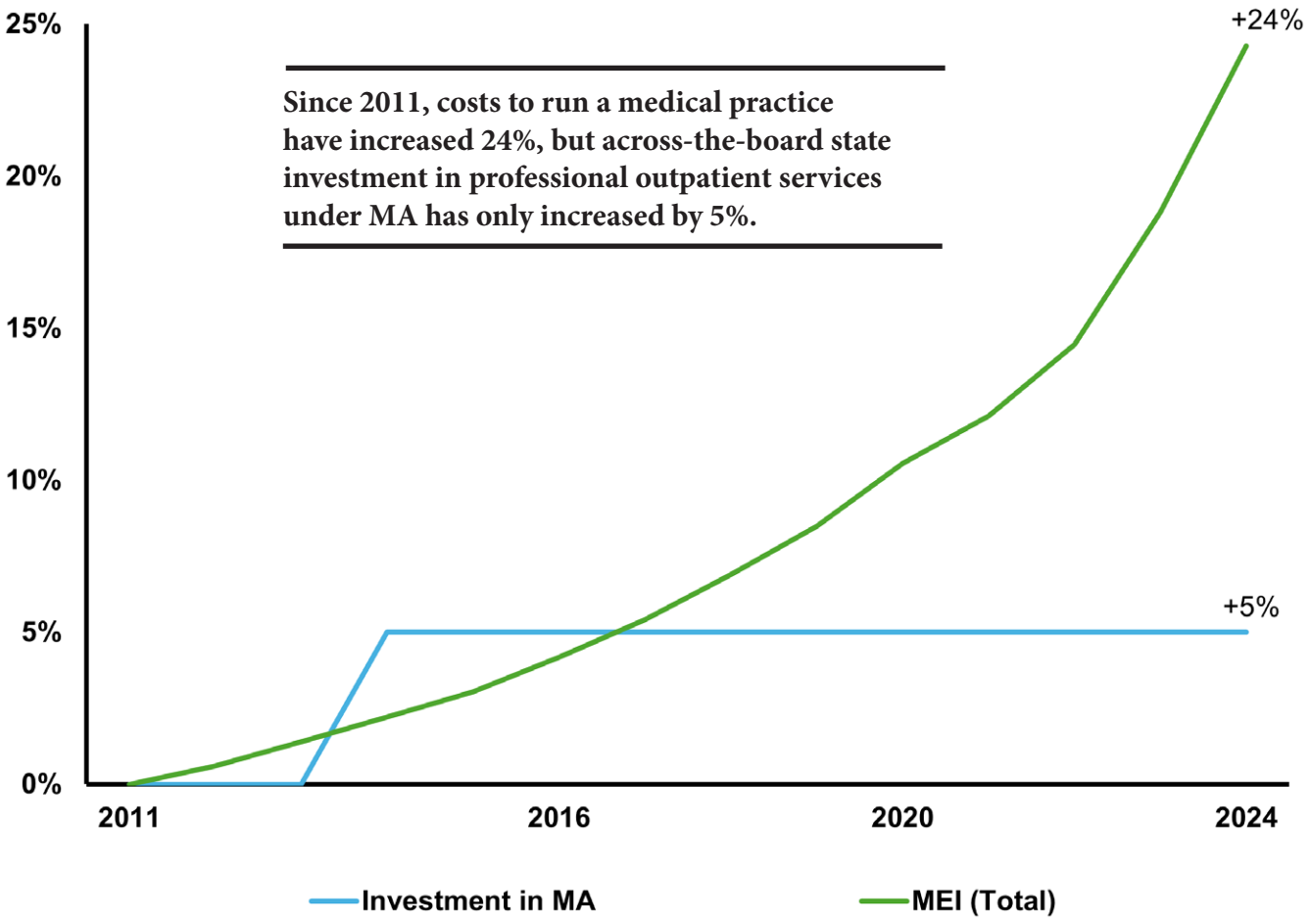

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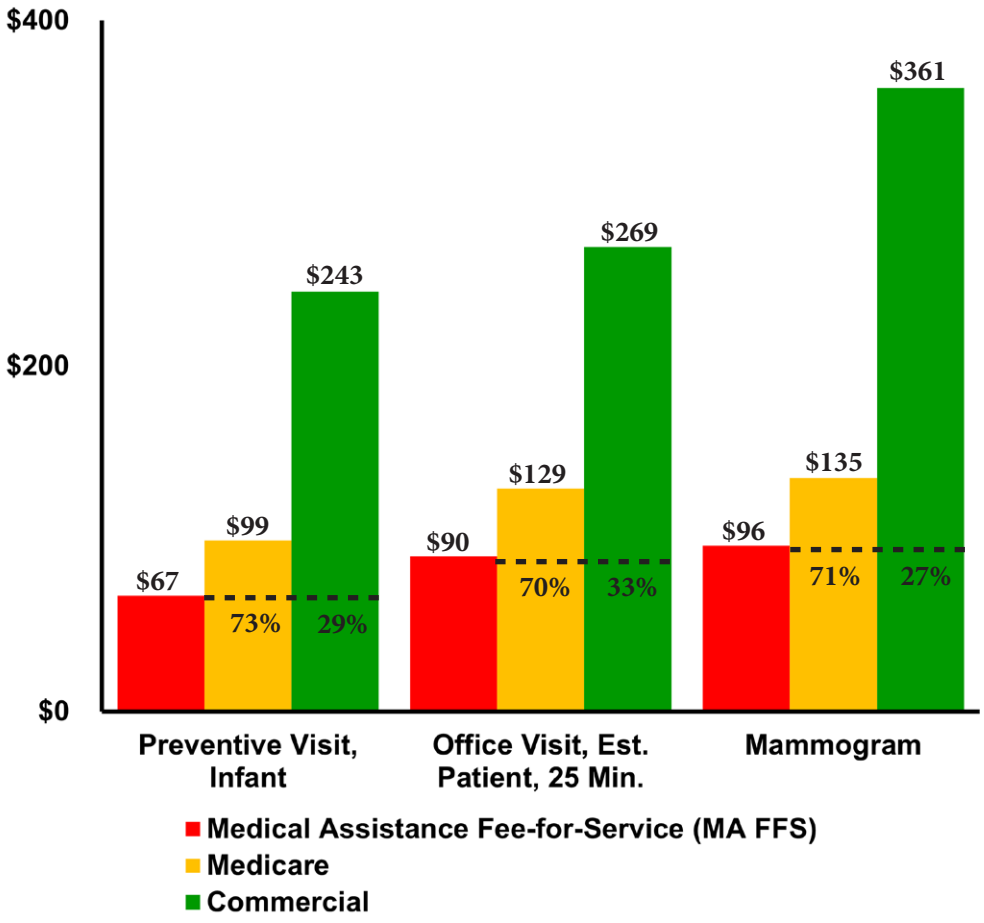

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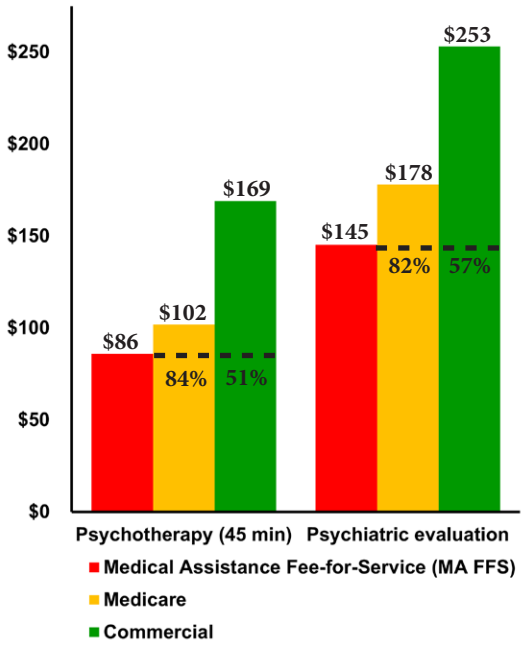

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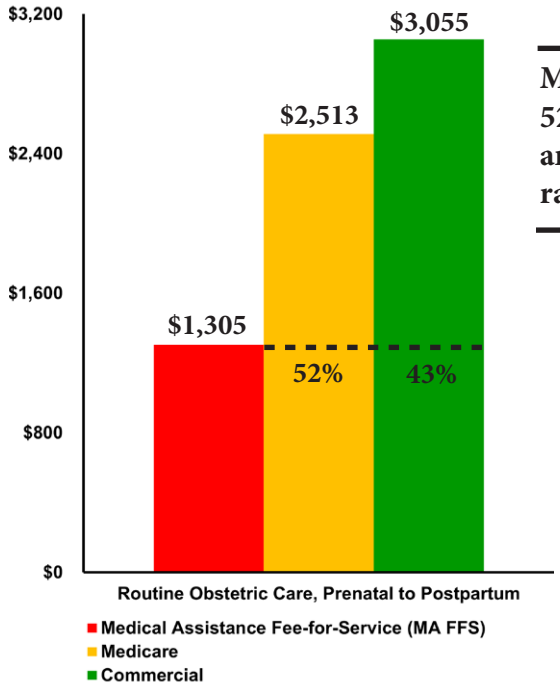

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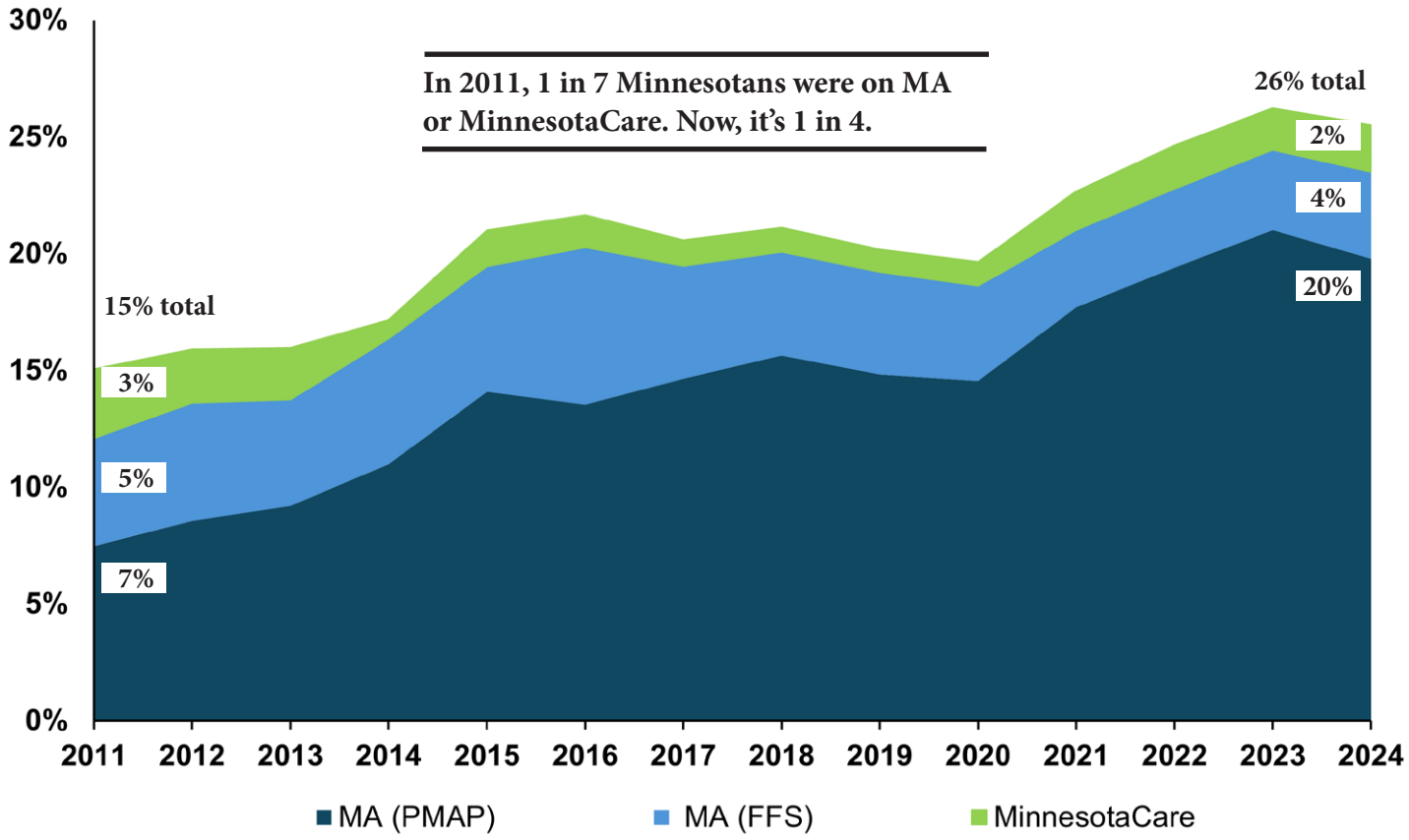

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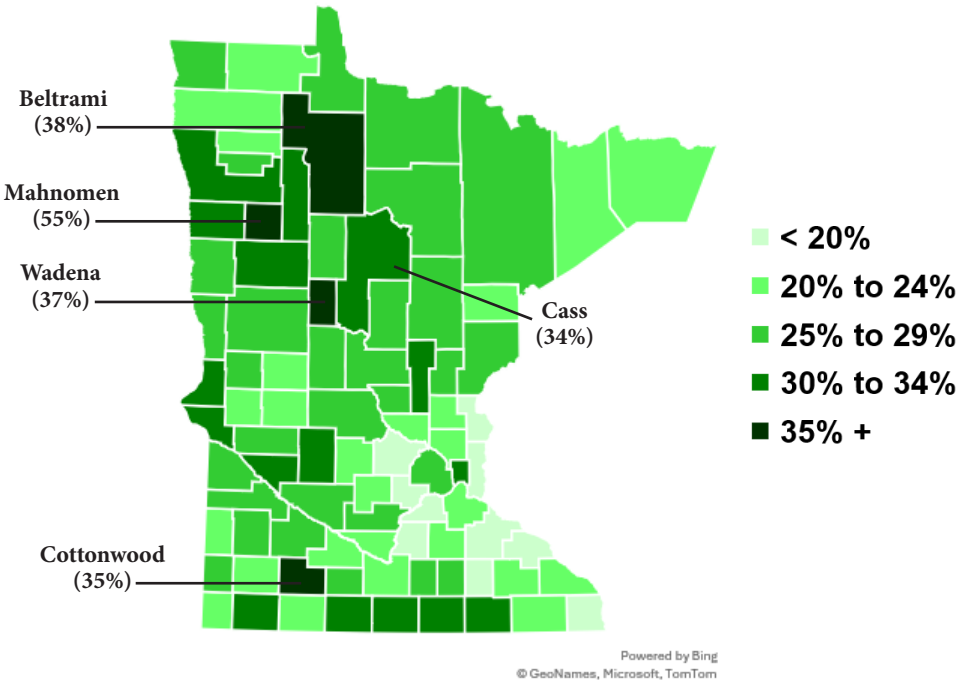

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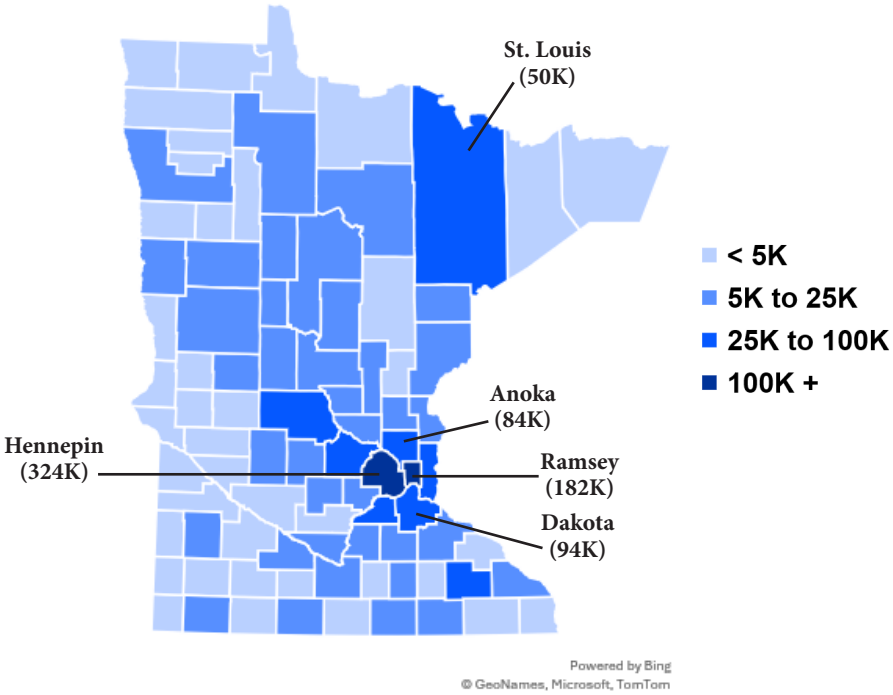

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Minnesota Medical Association

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QUALITY PARENTING INITIATIVE
MINNESOTA

March 2, 2024

Dear Chair Schomacker and Members of the House Human Services Finance and Policy Committee,

I am writing to express my strong support for the Medical Assistance Rates Reform Package (H.F. 1005). This critical legislation addresses the urgent need for reform in Medical Assistance reimbursement rates, which directly impacts the accessibility and quality of mental health care for Minnesota's children and families.

As you are aware, nearly one in four Minnesotans relies on Medical Assistance or MinnesotaCare for health coverage. These programs are essential to the state's healthcare infrastructure, especially in providing mental health services for our most vulnerable populations. However, the current rates of reimbursement fall significantly short, creating a gap of 40% between the cost of delivering care and the reimbursement provided.

Quality Parenting Initiative-Minnesota is an advocacy strategy to strengthen our foster care system. A system that supports children who utilize Medical Assistance to get their emotional and psychological needs met. We must continue to prioritize timely access to early intervention and healing treatments, reduce reliance on emergency services and crisis care, and support the success of children in school and community life. Without immediate action, the state faces further loss of services and diminished capacity.

Imagine a seven-year-old child, who has recently been removed from their home due to allegations of neglect. Understandably, this child is grappling with a whirlwind of emotions – confusion, fear, and a profound sense of loss. Amid this turmoil, timely access to therapy services can make a difference in their journey towards healing and resilience. Unfortunately, the reality for many children in the foster care system is different. Due to long waiting lists and bureaucratic hurdles, children may be forced to wait six to nine months before receiving the mental health support they so desperately need. During this agonizing wait, the child's trauma may deepen, their emotional well-being may deteriorate, and their chances of successful reunification with her family may diminish.

Now, contrast this scenario with one where the child receives therapy services early into their child protection case as soon as the need arises. With timely access to strategies and trauma-informed care, this child can process their emotions, develop coping strategies, and build trusting relationships with their caregivers. As a result, the child's resilience grows, their behavioral challenges lessen, and their prospects for long-term stability improve exponentially. But this child's story is not just one of individual triumph – it is a testament to the power of early intervention in transforming the trajectory of entire families.

Thank you for your attention to this matter and I urge you to lend your support to Medicaid Rates Reform HF1005. I remain hopeful for positive action in support of equitable healthcare access for all.

Sincerely,

Kate Rickord, MA, LP, SEP

Kate Rickord, MA, LP, SEP
Director, QPI-MN
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612.619.0086 (direct)

AspireMN

An association of resources and advocacy for children, youth and families
www.aspiremn.org

Minnesota's Children's Mental Health Services are Reporting Closures and Shrinkage Statewide

January 2025

AspireMN is a statewide association of children and family serving organizations, including providers who serve across the full continuum of children's mental health services. Field leaders have been elevating the crisis in access to children's mental health care – and identifying the harm being caused for children whose unaddressed mental illness result in high acuity needs for care and impact family, school and wider community. Association leaders have grown increasingly concerned about sustaining any level of children's mental health services after no substantive action on reimbursement rates and a planned 11% rate cut to sunset the critical access rate beginning January 1, 2025.

To better understand the impact of rate pressures on the field in this unique timeframe of 2024-2025[1], AspireMN conducted a provider survey that was distributed on Thursday December 12, 2024, and closed on Thursday January 16, 2024. The survey was distributed via email to AspireMN members and partner provider organizations with encouragement to share the survey with wider provider networks. This summary report includes data from twenty-seven service providers who deliver care in 76 Minnesota counties.

Thirty-two responses were collected and twenty-seven responses contributed to the data analysis provided in the following summary. Responses were excluded if they did not contribute sufficient data to be counted, or in cases where the data was specific to adult services. This report is exclusively focused on children's community-based mental health services.

Universal Data Reported– Closures and Shrinkage of Children's Mental Health Care:

- **Losing Capacity to Serve** – all respondents reported that service closure or shrinkage has occurred or is planned
- **Staffing as the Primary Barrier** – all respondents reported the inability to hire and retain staff within reimbursement and wage constraints as a primary barrier to delivering children's mental health services

During 2024 providers reported closure of:
Listed based on greatest number of reported closures

- Outpatient services
- Early childhood services
- CTSS – including In-Home and Skills Services
- School-based mental health services
- Elementary-Aged Day Treatment
- Respite services
- Psychological testing and assessment
- Systemic Family Therapy

During 2024, service providers reported diminished capacity in these services:
Listed based on greatest number of reported service shrinkage

[1] 2022-2024 nine children's mental health providers have reported full service closures – this data is not included in these survey results

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In-Home Services - including CTSS and Collaborative Intensive Bridging Services (CIBS)	Outpatient Services
CTSS – including Early Childhood & Day Treatment	School-Based Mental Health
	Systemic Family Therapy

Over 80% of children's mental health providers surveyed anticipate diminished capacity and/or closures in the next 6-12 months which will result in losing capacity in a range of early-intervention and intensive community-based options, CTSS, and In-Home Services.

These qualitative provider observations are reflective of provider commentary that was provided as part of survey data collection:

- *I anticipate the need for our service to continue to grow and we won't be able to adequately serve our clients. We need to do something before more youth complete suicide or are gravely injured from their attempts.*
- *We have been unable to hire additional staff due to budget constraints yet the demand for services for children and families continues to trend upward and with more intense mental health related issues. Things such as suicide attempts, self-harm, aggression/assaults towards others, etc. At the same time resources to address these needs continue to diminish.*

These service providers serving 76 counties across MN report closures and/or reductions in 2024 or anticipation of closures and/or reductions in 2025.

Adult, Child and Family Services, LLC	Mosaic Family Services, LTD.
Aspire Counseling	Nexus Family Healing
Children's Mental Health Services/REACH	North Homes Children and Family Services
CLUES	Nystrom & Associates, LTD.
Crow Wing County	Roots Wellness Center
Dakota County Social Services	Solutions Behavioral Healthcare Professionals, P.C.
Family & Children's Center	St. Louis County, PHHS
Fernbrook Family Center	Stellher Human Services
Greater Minnesota Family Services	The Village Family Service Center
Guild	Therapeutic Services Agency
Journeys Toward Healing Counseling Center	Touchstone Mental Health
Leo A Hoffmann Center	Washburn Center for Children
Life Development Resources	Youable Emotional Health
Lighthouse Child and Family Services	

Appendix A:

AspireMN Survey of Shrinkage and Closure in Minnesota in 2024

1. In the past year, has your organization needed to diminish capacity for any services? If so, please describe how you diminished capacity.
2. In the past year, has your organization needed to close any services? If so, please describe which services.
3. Do you anticipate any diminished capacity or closures of services in the next 6-12 months? If so, please describe which services and why.

4. Do you know of other organizations who have needed to diminished capacity in any services in the past year? If so, please describe which services and why. **AspireMN receive no response to this question.
5. Please explain why you needed to diminish capacity.
6. Please explain why you closed the service.